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EXTERNAL DEBT CRISIS AND DEVELOPMENT

Pakistan*: revised draft resolution

International debt crisis and development: enhanced international cooperation towards a durable solution to the external debt problems of developing countries

The General Assembly,

Recalling its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987, 43/198 of 20 December 1988, 44/205 of 22 December 1989, 45/214 of 21 December 1990 and 46/148 of 18 December 1991,

Reaffirming also the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, contained in the annex to its resolution S-18/3 of 1 May 1990, the International Development Strategy for the Fourth United Nations Development Decade, contained in the annex to its resolution 45/199 of 21 December 1990, the United Nations New Agenda for the Development of Africa in the 1990s, contained in the annex to its resolution 46/151 of 8 December 1991, the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries, 1/ the Cartagena Commitment: A New Partnership for

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* On behalf of the States Members of the United Nations that are members of the Group of 77.

1/ See Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990 (A/CONF.147/18), part one.

Development, adopted by the United Nations Conference on Trade and Development at its eighth session, and the provisions on a durable solution to the external debt crisis, contained in the relevant chapters of Agenda 21, adopted by the United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, from 3 to 14 June 1992, 2/

Noting that due to uneven developments, further progress is needed towards the solution of the external debt problems of a large number of developing countries, in the context of the evolving international debt strategy,

Noting also that a few indebted developing countries have regained relative access to international financial markets under the difficulties described in the report of the Secretary-General, 3/

Noting with concern the continuing debt and debt-service problems of lower-middle-income developing countries, which adversely affect their development efforts and economic growth, and reiterating the need to address the continuing debt problems of those countries through effective debt-relief measures, bearing in mind, in this context, the special situation of lower-middle-income and certain middle-income African countries,

Noting also with concern the continuing existence of the heavy debt and debt-service burden of low-income countries,

Noting further with appreciation the recent initiatives towards the solution of the debt problems of some developing countries, inter alia, the adoption by the Paris Club of the "enhanced terms" 4/ and the conclusion of several agreements on commercial debt and debt-service reduction,

Noting the substantial debt relief and debt reduction agreed to by the Paris Club in favour of two middle-income countries,

Stressing the importance of alleviating the debt and debt-service burdens of low- and middle-income developing countries with public debt problems,

Stressing, in this context, the necessity of a supportive international economic environment, including an open and transparent multilateral trading system,

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2/ See A/CONF.151/26 (vols. I, II and Corr.1, and III).

3/ A/47/396.

4/ The "enhanced terms" are the terms offered by the Paris Club for the poorest, most indebted developing countries.

Emphasizing the importance for debtor developing countries to continue to pursue and intensify their efforts in their economic reforms, stabilization and structural adjustment programmes, to raise savings and investment, reduce inflation and improve economic efficiency, taking into account their individual characteristics and the vulnerability of the poorer strata of their populations,

Expressing its concern that, in many developing countries, the burden of debt and debt service constitutes one of the major obstacles to the revitalization of growth and development, despite the often strenuous economic reforms of those countries,

Noting that those developing countries that have continued, at great cost, to meet their international debt and debt-service obligations in a timely fashion have done so despite severe external and domestic financial constraints,

1. Takes note of the report of the Secretary-General concerning the external debt crisis and development; 3/

2. Welcomes the conclusion of several agreements on commercial bank debt and debt-service reduction under the evolving international debt strategy and takes note of relevant declarations recognizing the debt problems of some highly indebted lower-middle-income countries, taking into account their special and specific situations; 5/

3. Welcomes the write-off of a significant part of the bilateral official debt by certain donors to the least developed countries, and urges the countries that have not done so to cancel or provide equivalent relief for the official development assistance debt of the least developed countries;

4. Expresses its appreciation for the initiatives taken by developed countries, including recent initiatives to address the debt problems of some middle-income African countries, encourages their application and invites all creditor countries to consider taking relevant measures for middle-income debtor developing countries;

5. Stresses the need for the broadest and the most expeditious implementation of the recent initiatives and for continuing to build upon them, inter alia, in order to prevent the proliferation of debt problems;

6. Also stresses the need for the implementation of additional debt-relief measures, including further cancellation or reduction of debt and debt-service related to official debt, and for more urgent action with regard to remaining commercial debt owed by developing countries;

5/ See A/47/375-S/24429.

7. Recognizes the urgent need to continue to provide a social safety net to vulnerable groups most adversely affected by the implementation of economic reform programmes in the debtor countries, in particular, low-income groups, in order to ensure social and political stability;

8. Emphasizes the importance for developing countries to continue their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development;

9. Recognizes the need of debtor developing countries for a supportive international economic environment as regards, inter alia, terms of trade, commodity prices, improved market access and trade practices and, in this connection, stresses the urgent need for a balanced and successful outcome of the Uruguay Round of multilateral trade negotiations, which would result in the liberalization and expansion of world trade to the benefit of all countries, in particular the developing countries;

10. Reiterates the need for the implementation of initiatives involving developing debtor countries, developed creditor countries, commercial banks and multilateral financial institutions, with a view to easing the debt and debt service burden of severely indebted developing countries which would contribute to recovery, growth and development in developing countries;

11. Stresses the need, in addition to debt-relief measures that include debt and debt-service reduction, for new financial flows to debtor developing countries, and urges the creditor countries and the multilateral financial institutions to continue to extend concessional financial assistance, as appropriate, in order to support the implementation by the developing countries of their economic reforms, stabilization and structural adjustment programmes so as to enable them to extricate themselves from the debt overhang and to assist them in achieving economic growth and development;

12. Urges the international community to consider wider application of innovative measures, such as debt-for-equity swaps, debt-for-nature swaps and debt-for-development swaps;

13. Stresses the need for sustained action in addressing the debt problems of low-income countries and, in this regard, calls for early, expeditious and wide implementation of the enhanced terms currently offered to low-income countries by the Paris Club, as well as, where necessary, their extension;

14. Calls upon private creditors to renew and expand initiatives and efforts in order to tackle the commercial debt problems of low- and middle-income developing countries;

15. Urges creditor countries, private banks and, within their prerogatives, multilateral financial institutions to consider the extension of appropriate new financial support to developing countries, in particular the

low-income countries with substantial debt burdens that continue, at great cost, to service the debt and meet their international obligations;

16. Requests the Secretary-General to report to the General Assembly at its forty-eighth session on the implementation of the present resolution.